

may purchase from or handle on behalf of producers during a marketing year, would tend to effectuate the declared policy of the act, the Secretary shall establish the salable quantity for that oil.

The salable quantity shall be prorated among producers by applying an allotment percentage to each producer's allotment base for that class of oil. The allotment percentage shall be established for each class of oil by dividing the salable quantity by the total of all producers' allotment bases for the same class of oil.

(b) When an allotment percentage for a class of oil is established for any marketing year, no handler shall purchase from or handle on behalf of producers any oil of that class during such year unless:

(1) It is, at the time of handling, within the unused portion of a producer's annual allotment, and

(2) Such handler notifies the Committee of the handling in such manner as it may prescribe.

§ 985.53 Allotment base.

(a) *Initial issuance.* Each producer desiring an allotment base for one or more classes of oil shall register with the Committee and furnish to it, on forms provided by the Committee, a report of the number of pounds of each class of oil sold during each of the marketing years of 1977, of 1978, and of 1979, which is the representative base period, and the number of pounds of each class of oil currently available for sale and the location of such oil, the name and address of each handler, the quantity of oil by class sold to each handler, the acreage and location of each year's production of spearmint, and any additional information requested by the Committee. A producer who has changed or changes identity from an individual producer to a partnership or corporate producer, or from a partnership to a corporate or individual producer, or from a corporate to a partnership or individual producer, may for the purpose of establishing the initial and subsequent allotment base, register with the Committee as one and the same person.

(b)(1) Initially, the allotment base for each class of oil shall be established by

the Committee for each registered producer, at the option of such producer, as follows:

(i) The average annual number of pounds of oil of that class sold during any two marketing years of the representative base period; or

(ii) The average annual number of pounds of that class of oil sold during the representative period plus 33⅓ percent of oil of that class currently available for sale; or

(iii) The quantity of that class of oil sold during the 1979 marketing year, plus the quantity of that class of oil currently available for sale.

(2) If a producer has spearmint planted by February 27, 1979, but has no sales history during the representative period, the producer's allotment base shall be established by multiplying its acreage to be harvested for spearmint oil by the average amount of oil per acre sold in the allotment base of other producers in the state or area, whichever is more representative, in which the acreage is located: *Provided*, That, the Committee shall review and adjust these allotment bases in accordance with paragraph (c) of this section on the basis of the producer's sales of spearmint oil.

(c) Periodically, but at least once every five years, the Committee shall review and adjust each producer's allotment base to recognize changes and trends in production and demand. Any such adjustment shall be made in accordance with a formula prescribed by the Committee with the approval of the Secretary.

(d)(1) Beginning with the 1982-83 marketing year, the Committee annually shall make additional allotment bases available for each class of oil in the amount of no more than 1 percent of the total allotment base for that class of oil. Fifty percent of these additional allotment bases shall be made available for new producers and 50 percent made available for existing producers.

(2) Any person may apply for an additional allotment base for any class of oil by filing an application with the Committee on or before December 1 of the marketing year preceding the marketing year for which the additional allotment bases will be made available.

(3) The Committee shall, with the approval of the Secretary, establish rules and regulations to be used for determining the distribution of additional allotment bases. In establishing such rules, the Committee shall take into account, among other things, the minimum economic enterprise requirements for oil production, the applicant's ability to produce oil, the area where the oil will be produced and other economic and marketing factors.

(e) The right to each producer receiving an allotment base, or any legal successor in interest, to retain all or part of an allotment base, shall be dependent on continuance to make a bona fide effort to produce the annual allotment referable thereto and failing to do so, such allotment base shall be reduced by an amount equivalent to such unproduced portions.

EFFECTIVE DATE NOTE: At 50 FR 41480, Oct. 11, 1985, in §985.53, paragraph (d)(2) was suspended indefinitely.

§ 985.54 Issuance of annual allotments.

(a) Whenever the Secretary establishes a salable quantity and allotment percentage for a class of oil that may be freely marketed during a marketing year, the Committee shall issue an annual allotment to each producer holding an allotment base for that class of oil. Each producer's annual allotment for a class of oil shall be determined by multiplying the producer's allotment base for that class of oil by the applicable allotment percentage.

(b) On or before December 1, the Committee shall furnish each registered holder of an allotment base a form for the producer to apply for an annual allotment for the ensuing marketing year. The Committee, with the approval of the Secretary, shall establish rules and regulations prescribing the information to be submitted on this form. The Committee shall notify each producer of the producer's annual allotment for each class of oil within 10 days after the Secretary establishes the salable quantity and allotment percentage.

(c) Through 1981, a handler may acquire oil of a producer's own production to fulfill a written contract entered into by these two persons prior to February 27, 1979. The terms of this

contract shall require the producer to deliver to that handler a specified quantity of a class of oil from that producer's production at a specific price from a specified acreage and produced prior to 1982. The quantity of oil acquired by the handler pursuant to that contract during the 1980-81 or 1981-82 marketing year may exceed the producer's annual allotment for the applicable marketing year, but shall be charged against the producer's annual allotment for that year.

§ 985.55 Identification.

(a) Each producer shall, under supervision of the Committee, identify each class of oil within 15 days following its production, or such other period of time as is recommended by the Committee with the approval of the Secretary. Identification of oil shall be accomplished before its delivery either to a handler for handling as salable oil, or to the Committee or its designees for storage as excess oil.

(b) Identification shall indicate whether the oil is salable or excess oil and include the name of the producer, the class of oil, the net weight, the container number and such other information as may be required by the Committee.

(c) Identification shall be accomplished in accordance with rules and regulations established by the Committee with the approval of the Secretary.

(d) No handler shall handle as salable oil, and the Committee shall not receive as excess oil, any oil that has not been identified as provided in this section, and no person shall alter or remove any identification except when incidental to final disposition.

§ 985.56 Excess oil.

Oil of any class in excess of a producer's applicable annual allotment shall be identified as excess oil and shall be disposed of as follows:

(a) Before October 15, or such date as the Committee, with the approval of the Secretary, may establish, a producer, following notification of the Committee, may transfer excess oil to another producer to enable that producer to fill a deficiency in that producer's annual allotment, or